CLAIMS

What is claimed is:

1. A first financial instrument representing an ownership interest in a first portfolio, the first portfolio comprising units of an integer number M different securities selected from a second portfolio, the second portfolio comprising units of an integer number N different securities, N > M,

wherein the weight of each security in the first portfolio is substantially similar to that security's corresponding weight in the second portfolio, divided by the combined weight of the first portfolio within the second portfolio, and

wherein the first financial instrument, and a second financial instrument representing an ownership interest in the second portfolio, are traded on a securities market.

2. The financial instrument according to claim 1, wherein the M different securities in the first portfolio are all traded on a first securities market.

3. The financial instrument according to claim 2, wherein there are only a total of M different securities in the second portfolio that are traded on the first securities market.

4. The financial instrument according to claim 1, wherein the first and second financial instruments are both traded on the same securities market.

5. The financial instrument according to claim 4, wherein the first and second financial instruments are both traded on the AMEX.

6. The financial instrument according to claim 1, wherein the M different securities in the first portfolio are all traded on the NASDAQ.

7. The financial instrument according to claim 6, wherein the second portfolio comprises stocks belonging to the S&P 500 and the first portfolio comprises only all of the stocks in the ~~S&P 500~~ that are ~~traded on the NASDAQ.~~

8. The financial instrument according to claim 1, wherein the M different securities in the first portfolio have the M lowest average trading volumes among the N different securities during a previous time period.

9. The financial instrument according to claim 1, wherein the M different securities in the first portfolio have the M highest price fluctuations among the N different securities during a previous time period.

10. A plurality of first financial instruments $C_{1eq}, C_{2eq}, \ldots, C_{Jeq}$, $J > 1$, each representing an ownership interest in a corresponding one of a first set of portfolios $\{C_1, C_2, \ldots, C_j\}$, each member of said first set of portfolios comprising units of a corresponding integer number M_j different securities selected from a second portfolio, the second portfolio comprising units of an integer number N different securities, $N > M_j$, for all j, wherein

the weight of each security in any one C_j is substantially similar to that security's corresponding weight in the second portfolio, divided by the combined weight of C_j within the second portfolio, and

each of the first financial instruments, and a second financial instrument representing an ownership interest in the second portfolio, are traded on a securities market.

11. The plurality of first financial instruments according to claim 10, wherein the set of first portfolios have no securities in common.

12. The plurality of first financial instruments according to claim 11, wherein the set of first portfolios form a partition of the second portfolio such that all N securities in the second portfolio are distributed among the set of J first portfolios.

13. The plurality of first financial instruments according to claim 10, wherein at least two members of the set of first portfolios have securities in common.

14. The plurality of first financial instruments according to claim 13, wherein all N securities in the second portfolio are represented in at least one member of the set of first portfolios.

15. A method of facilitating an exchange in ownership of a security, the method comprising:

a step of providing a first financial instrument representing an ownership interest in a first portfolio, the first portfolio comprising units of an integer number M different securities selected from a second portfolio, the second portfolio comprising units of an integer number N different securities, N > M,

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wherein the weight of each security in the first portfolio is substantially similar to that security's corresponding weight in the second portfolio, divided by the combined weight of the first portfolio within the second portfolio, and

wherein the first financial instrument, and a second financial instrument representing an ownership interest in the second portfolio, are traded on a securities market;

a step of receiving a first offer to sell said first financial instrument;

a step of receiving a second offer to buy said first financial instrument; and

matching said first and second offers.

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